

# TENNESSEE REGULATORY AUTHORITY



Deborah Taylor Tate, Chairman  
Pat Miller, Director  
Sara Kyle, Director  
Ron Jones, Director

460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

May 13, 2004

Mr. Michael D. Horton  
Counce Natural Gas Corporation  
P. O. Box 285  
Burnsville, MS 38833

RE: DOCKET NO. 04-00037 - APPLICATION OF COUNCE NATURAL GAS  
CORPORATION TO INCREASE ITS RATES.

Dear Mr. Horton:

In order to assist our efforts in conducting an investigation into the petition filed on the behalf of Counce Natural Gas Corporation, further information is needed. Please respond to the items listed below. Your response must be received by the Authority no later than May 17, 2004.

A total of thirteen copies plus the original are to be supplied to the TRA at the following address:

Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Each copy of the responses should be placed in loose-leaf binders with each item tabbed. Each response should begin by restating the item request. If several sheets are required to answer an item, each sheet should be appropriately labeled and indexed, for example, Item 1(a), Sheet 1 of 4.

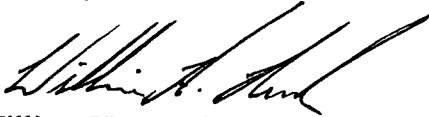
## **DATA QUESTIONS**

1. Refer to the income statement compiled by Watkins, Ward and Stafford, PLLC included in the Company's rate petition. Provide actual copies of invoices that support the following expense items: Supplies, Accounting and Legal Fees, Auto and Truck Expense, Dues and Subscriptions, License, Utilities, and Rent.

2. Refer to Watkins, Ward and Stafford, PLLC compilation, Schedule G. Provide support (i.e., timesheets) for the employee salary information listed on Schedule G. Also, explain the methodology used to allocate the salaries between Counce and any other related business operation.
3. Refer to Company Supplemental Schedule F. Provide the supporting invoices for the capital plant additions listed on this schedule. Also, explain the rationale for the allocation methodology used in assigning cost to Counce Natural Gas Company.
4. Please provide a schedule recalculating the Company's test year revenues as shown in the Company's petition (\$189,335) using the test year customer bills, sales volumes, and all Authority approved purchased gas adjustments, actual cost adjustments, and base rates.

If you have any question regarding this request, you may contact me at (615) 741-2904, Extension 174.

Sincerely,



William H. Novak  
Chief  
Energy and Water Division

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